Bid to show rise in revenue: Nisar

Petroleum items being sold at higher prices

Bureau Report

ISLAMABAD, Jan 1: The minister for petroleum, Chaudhry Nisar Ali Khan, on Friday admitted that the government was selling petroleum products to consumers at much higher prices only to show higher revenues.

"There is a big gap between the actual cost of petroleum products and their prices in the open market," he said and added that "for the last several years a culture has developed where the petroleum products are sold on much higher rates only to show higher revenues."

Responding to a question by Baboo Ghulam Hussain in the National Assembly, the minister, however, clarified that the prices of petroleum products were set by the finance ministry. "The petroleum ministry has nothing to do with it," he said.

Chaudhry Nisar informed the house that the prices of petroleum in 1998 had been almost three times higher than what they had been in 1987. He said the prices of regular and super petrol in June 1987 had been Rs7.15 and Rs7.72 per litre, but in July 1998 those prices had risen to Rs22.19 and Rs23.64.

The prices of petroleum products had been increased 17 times and decreased twice since June 1987. In 1996 alone the prices had changed eight times.

About oil and gas explorations in the country, he said 13 recoveries had been made during the last one-and-a-half years, which were expected to add four to six billion cubic feet gas to the existing supply. He said the gas was available to only 14 per cent of the people but the government was trying to supply it to the maximum possible number of people.

In view of the limitations of indigenous supply of natural gas and the new fuel strategy that aims at reducing the import of oil through natural gas substitution, he said, the government was considering a number of proposals for import of gas from Turkmenistan, Iran, Qatar and the UAE on the basis of the lowest gas price and delivery time.

He made it clear that the government had not foreclosed any gas import options. "Our main consideration is the lowest landed price and earliest delivery time," he minister said, and added that "a gas pricing framework and gas delivery price has been finalized for import of gas from Turkmenistan. This gas delivery price will serve as a benchmark for future price agreements."

In response to a question about the implementation of duly approved schemes, he said the gas companies were currently facing serious liquidity problems owing the to non-payment of their bills by WAPDA/KESC, and added that as soon as their financial position would improve they would start work on the approved schemes of gas.